

**Testimony of
Matthew Nemerson, President of the Connecticut Technology Council
Speaking on February 21, 2013 to the Committee on Energy and Technology**

Distinguished chairs and members of the committee, As President of the Connecticut Technology Council I represent a statewide community of over 2,000 technology oriented firms employing over 150,000 individuals whose jobs are related in some way to innovation and technology. We also work with several hundred smaller firms at any given time just starting and hoping to plant roots here in Connecticut. We have a contract with Connecticut Innovations to help them build a more robust innovation ecosystem for the state in four Hubs.

I come here today to support HB 6402 that would eliminate some of the existing regulations for our older landline phone service. I am also supporting SB 888 that would help increase the quality of wireless phone service by speeding up the siting council time table for tower decisions and potentially opening up watershed and some additional public lands for towers. Also I urge support for HB 6401 which liberalizes the regulation of Voice over Internet services in the state. As I think has been brought to your attention here it would make sense to expand the bill as written to include all internet protocol services not just the current ones defined by the transmission of voice.

In the past there have been legitimate concerns about not pushing technology so fast that our most vulnerable citizens -- seniors and economically disadvantaged would be hurt by a lack of traditional telecommunications regulations to protect them. I don't know how many of you have spent a Sunday afternoon helping your mother install Skype apps on her iphone as I have or involved in organizations such as Concepts for Adaptive Learning, a state wide non-profit whose board I am on that brings internet service and computer training to 1000s of families in the inner city. The point I wish to make is that the tide has turned -- it is not just business or suburban young families who want the best, fastest and least expensive internet based communication services -- it is everyone.

But, having said that I do want to emphasize that in competing for new businesses and expansion of existing firms, the knowledge that our state will benefit from new services and more investment in fiber, wireless and internet capacity is something that I am dealing with every day. Companies are choosing which town and even which building to move into based on the ability to quickly and cheaply hookup to ultra-fast bandwidth connections and based on receiving unimpeded wireless connections on their cell phones.

At the tech council we are frequently called to give advice about how to improve internet services, and soon broadband will mean 1 gigabyte per second service and ubiquitous cell phone video stream ability.

Why are these bills so important? For better or worse the US has embarked on a policy -- supported by Democrats and Republicans -- in Washington that will put much of the burden of creating Internet telecommunications capacity in the hands of private providers such as AT&T and Verizon. And, again, whether we all like the situation or not, private infrastructure and financial service providers have since the era of deregulation began in the 1970s have made their greatest investments in states and regions that have created regulatory environments that gave them the opportunities to be agile -- move quickly with new services, retire legacy systems easily, and introduced new services on a permanent or experimental basis.

We know that Connecticut as a richer state is a lucrative market for telecommunications, but we know that this natural advantage is somewhat limited by our traditions of perhaps holding on to unnecessary consumer protection longer than other areas. I don't think anyone could ask you to move away from regulation without some certainty that almost everyone who has sought protection in the past is today most likely to be much more interested in the benefits of more internet and wireless investments.

All of us who are consumers in the state appreciate the need to have government regulators making sure that no large multi-national corporation take anyone in Connecticut for granted. Fortunately the internet and federal policies have created a competitive environment in which consumers have plenty of options. So today the challenge is to convince providers to compete not just on price or availability but on the quality, speed and capacity of their systems -- something that was not envisioned when most of the regulations these bills would liberalize were put on the books.

I want to close with a quick story about one of the reasons we are the richest state and why so many large companies were grown in Hartford, New Haven and Stamford... while the Telephone was invented in Boston, it was in New Haven in 1878 that the first exchange was created, with 400 subscribers within a year. Within the year exchanges had spread to Meriden and then the rest of the state. The success of Connecticut has an industrial power in the late 19th century is no doubt linked to the fact that investors and factory entrepreneurs knew that by locating in Connecticut they would be part of the most modern communications system literally in the world.

Let's keep working together to keep that tradition for the next generation of networks and entrepreneurs.

Thanks you

Additional Comments
Matthew Nemerson, President of the Connecticut Technology Council
Speaking on February 21, 2013 to the Committee on Energy and Technology

I want to talk about the image of Connecticut in a competitive and changing world. I have travelled over the last year to China, South Korea and Japan and Great Britain and visited communities and firms in those countries that seem themselves as cutting edge and globally connected. When they hear I am from Connecticut they have an image that I am part of their world. We are seen as a place that is modern, that may be costly but has talented people and is a center – due to Yale, GE, UTC, Priceline, Pitney Bowes and other “brands” as place that matters in the new world economy.

What are the hallmarks of this economy? Well, it is driven by access to ubiquitous and continuously updated telecommunications and new IT access and Internet services. Financial services, manufacturing goods and innovation development maybe the outputs that we compete on in trade statistics– but these societies are competing by giving their citizens the very fastest and the most novel forms of data, text and voice communications.

Advanced societies around the world may have different approaches to taxation, social services and worker benefits – but where there is agreement across the board is that the market should be allowed – albeit in places with more government subsidies than we have here – to experiment and make the investments that are needed to merge the latest technologies and marketing approaches to communications products in real time and to keep pushing the bleeding edge of phones, computers, tablets, data centers and the like in order to compete with their neighbors.

Japan and China compete for locating business in industrial parks and cities by offering better telecommunications infrastructure. Korean companies make huge investments in phone networks and capabilities to be a test bed for their products and business models around the world.

Connecticut cannot and should not compete as a low cost location for low value added products. That ended 60 years ago. Our reputation must be and must be enhanced as the places where IT infrastructure is on par with any place in the world.

Companies look at the regulatory environment and the willingness of governments to empower their major firms to make investments in long-term competitiveness as an indication of the likelihood that that location will be a good place for the company to grow and prosper a decade hence.

We have lost the battle to be a lost cost provider, we must not lose the battle to be a modern, globally connected location that encourages all providers of IT services to invest, experiment and offer our customer – wealthier and more willing to by new services than almost any other location in North America – the most modern and interesting new products.

The best thing that could happen to Connecticut is if every major broadband, data, video and phone provider – all our members by the way – cable, phone, wireless and data companies – were to see the Connecticut market as the showroom of new tech for North America and were to engage in a all out battle to wow ever customer with the newest, sexiest and wildest set of products and services. We are rich enough that there are willing early adapters here, small enough that we can be served easier than Florida or Pennsylvania, and close enough to major media markets that anything that happens here will be noticed around the world.

Thank you.